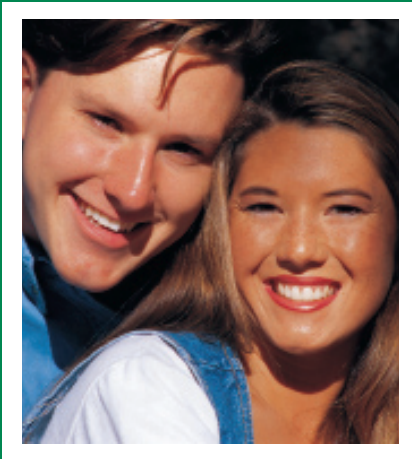
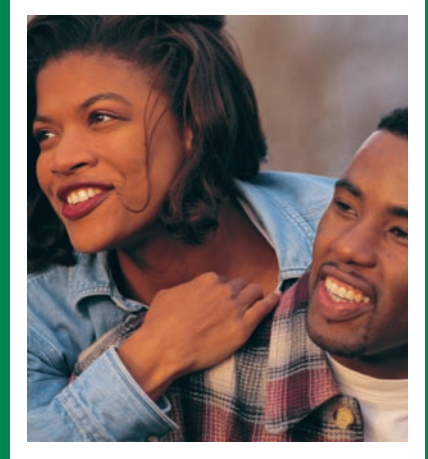
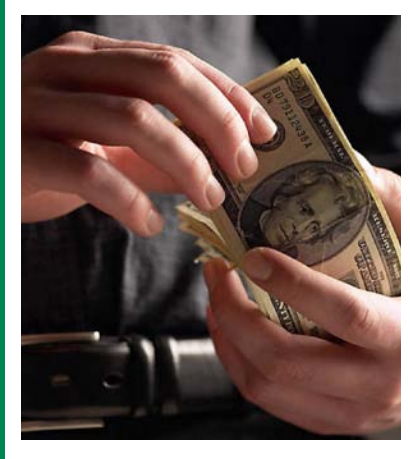
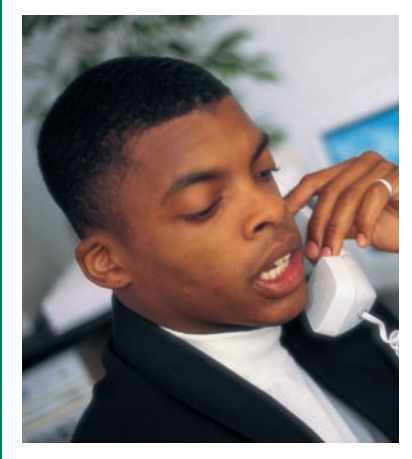


PORS Member Handbook

2008 Edition



Retiring South Carolina's Public Workforce For Life

South Carolina Retirement Systems
A Division of the State Budget and Control Board

Your Plan at a Glance

Benefits

- Retirement benefit is guaranteed by law and pre-funded
- Retirement benefit is based on a formula (2.14 percent multiplied by years of service multiplied by average final compensation), not on a member's account balance at retirement
- Automatic annual cost-of-living adjustments (COLAs) for retirees
- Plan assumes investment and life expectancy risks
- Ability to purchase service
- Disability, life insurance and accidental death protection

Membership Eligibility

- Employer must be covered by PORS
- Certain police officers, fire-fighters, peace officers, coroners, magistrates and probate judges are eligible for membership
- Unless your position is exempt, you must earn at least \$2,000 per year and devote at least 1,600 hours per year to this work

Contributions

- You contribute a tax-deferred 6.5 percent of gross pay
- If you have not retired, your account earns 4 percent interest compounded annually

Service Purchase

- Members may be eligible to purchase various types of service credit
- Examples of service that may be purchased include military service, public service and previously withdrawn SCRS service
- Purchasing service increases your total credited service which may allow you to retire sooner
- The cost to purchase service varies by type

Group Life Insurance

- Beneficiaries of active members and working retirees are eligible for a payment equal to a year's salary after one year of service
- If death is a result of a job-related injury, the one-year requirement is waived
- Non-working retirees are also eligible for coverage of \$2,000, \$4,000 or \$6,000 based on their years of service
- Check with your employer to see if they provide this protection

Accidental Death Program

- Provides a survivor benefit if you die in the line of duty
- Check with your employer to see if they provide this protection

Leaving before Retirement

If you terminate employment, you can either:

- request a refund of your contributions and interest; or
- leave your money in the Retirement Systems where it will earn an annual 4 percent interest

Payment Plans

- Three plans available
- Two of the three plans provide survivor protection
- You select the one that best suits your needs

Automatic Annual COLA

- Each July 1, eligible retired members receive an automatic COLA of up to 2 percent
- Automatic COLAs are pre-funded—meaning they are already included in the liabilities of the plan
- Additional COLAs (ad hoc COLAs) may be given up to 4 percent if certain guidelines are met

Retirement Eligibility

- You can retire after 25 years of service
- You can retire at age 55 or older with at least five years of service credit

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THIS HANDBOOK CONTAINS AN ABBREVIATED DESCRIPTION OF THE RETIREMENT BENEFITS OFFERED BY THE POLICE OFFICERS RETIREMENT SYSTEM. THE INFORMATION IN THIS HANDBOOK IS MEANT TO SERVE AS A GUIDE FOR OUR MEMBERS AND DOES NOT CONSTITUTE A BINDING REPRESENTATION OF THE SOUTH CAROLINA RETIREMENT SYSTEMS. TITLE 9 OF THE SOUTH CAROLINA CODE OF LAWS CONTAINS A COMPLETE DESCRIPTION OF THE RETIREMENT BENEFITS, THEIR TERMS AND CONDITIONS, AND GOVERNS ALL RETIREMENT BENEFITS OFFERED BY THE STATE. STATE STATUTES ARE SUBJECT TO CHANGE BY THE GENERAL ASSEMBLY. PLEASE CONTACT THE RETIREMENT SYSTEMS FOR THE MOST CURRENT INFORMATION.

THE LANGUAGE USED IN THIS HANDBOOK DOES NOT CREATE ANY CONTRACTUAL RIGHTS OR ENTITLEMENTS AND DOES NOT CREATE A CONTRACT BETWEEN THE MEMBER AND THE SOUTH CAROLINA RETIREMENT SYSTEMS. THE SOUTH CAROLINA RETIREMENT SYSTEMS RESERVES THE RIGHT TO REVISE THE CONTENT OF THIS HANDBOOK.

General Information

The South Carolina Police Officers Retirement System (PORS) is a defined benefit retirement plan administered by the South Carolina Retirement Systems, a division of the State Budget and Control Board. This handbook provides a general introduction to PORS and its benefits.

PORS provides service and disability retirement, deferred annuities, and survivor benefits.

Membership

PORS membership includes police officers and firefighters employed by the state, and any participating local subdivision, agency, or department of the state. Police officers, peace officers, firefighters, coroners, magistrates and probate judges are eligible for membership in PORS under the following circumstances:

Police Officers – A police officer is defined as a person who is required by the terms of his or her employment to give his or her time to the preservation of public order; protection of life and property; and the detection of crime in the state. Police officers must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. Coroners and deputy coroners who meet the above requirements are also considered police officers.

Peace Officers – A peace officer is a person who is employed and certified by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Peace officers must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute.

PORS membership is comprised of police officers, peace officers, firefighters, magistrates and probate judges.



You contribute a tax-deferred 6.5 percent of gross pay into your PORS retirement account.



Firefighters – A person who gives his or her time to prevention and control of property destruction by fire. A firefighter must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute.

Magistrates¹ – Effective on and after January 1, 2001, newly hired magistrates are required to participate in PORS for service as a magistrate.

Probate Judges¹ – Probate judges may elect to participate in PORS or they may elect to participate in the South Carolina Retirement System (SCRS).

The State Budget and Control Board makes the final determination whether any person may become a PORS member as described above.

A PORS active member is employed by a participating employer, earning service credit, making regular contributions to a PORS retirement account, and is not retired. You must be an active member to receive most of the benefits outlined in this handbook. Active members receive a member statement each year that shows employee contributions and interest, service credit, and retirement account beneficiaries.

Correlated Systems

The South Carolina Retirement System (SCRS), General Assembly Retirement System (GARS), and PORS are correlated systems. If you have contributions in more than one of these retirement systems, your service credit is maintained separately within each system; however, your service credit is added together to determine your eligibility for retirement benefits.

Contribution Rates

You contribute a tax-deferred 6.5 percent of gross pay into your PORS retirement account. If you have not retired, your account earns 4 percent interest compounded annually on your balance as of the previous June 30th.

Active Group Life Insurance Benefit

State agencies and public school districts are required to provide group life insurance coverage to employees. The coverage is optional for other employers. If an employer provides group life insurance coverage to its employees, the employer must pay the required contribution rate for the coverage.

If your employer is covered and you die in service with at least one full year of membership in the system, a payment equal to your current annual earnable compensation will be paid to your designated

¹These members are not subject to the 1,600-hour and \$2,000 earnings requirement.

beneficiary or trustee. If your death results from a job-related injury, the one-year requirement is waived. Group life insurance benefits are considered life insurance proceeds which are not taxable.

Accidental Death Program

State agencies are required to provide Accidental Death Program coverage to employees. The coverage is optional for other employers. If an employer provides Accidental Death Program coverage to its employees, the employer must pay for this coverage.

This program provides a survivor annuity if you are covered and die as a result of an injury by external accident or violence incurred while undergoing a hazard peculiar to your employment while in the actual performance of duty, without willful negligence on your part.

An accidental death annuity will be made monthly to your surviving spouse for life. If you have no spouse or your spouse dies before your youngest child has attained age 18, the annuity is divided equally among the surviving children, each of whom will continue to receive an annuity until reaching age 18 or upon death, whichever occurs first. If you have no spouse or child under age 18, the annuity will be paid to your surviving father and/or mother for life.

Service Credit

Establishing Service Credit

Active members may establish various types of service credit. Descriptions of these types of service credit follow. Generally, a member on leave without pay from a participating employer is not eligible to purchase service credit of any type.

Purchasing Service Credit

You may purchase service credit by a lump-sum payment, an installment service purchase (pre-tax or after-tax, plus interest), or a tax-deferred rollover from an IRA, a 401(k) plan, a 401(a) plan, a 403(b) plan, or a 457 plan.

You may purchase each type of service credit once within a fiscal year. If you are purchasing service to meet retirement eligibility, contact the Retirement Systems for more information. Payment for service purchases required for eligibility must be remitted in full prior to your retirement date or termination.

If you previously purchased periods of part time credit or previously earned periods of part time credit, you may be eligible to purchase additional service credit at an additional cost. Please contact the Retirement Systems for more information.

Some types of purchased service may not be used in determining in-

The Accidental Death Program monthly annuity is calculated as follows: 50 percent of your annual earnable compensation at death divided by 12 equals the survivor monthly annuity. Cost-of-living adjustments may be applied to these monthly annuities.



The Retirement Systems does not ensure your eligibility for health insurance after you retire. Contact your insurance provider to determine health insurance eligibility.



insurance eligibility. Contact your employer or health insurance provider for insurance coverage questions. If you are covered by state health insurance, contact the Employee Insurance Program at (888) 260-9430 or at (803) 734-0678 for eligibility information.

Descriptions of Types of Service

Convert Class I to Class II

If you are a PORS member who still has Class I service, you may convert your Class I service to Class II service by paying 5 percent of your current earnable compensation for each year to be converted, less \$16 per month for each month converted.

Transfer from SCRS to PORS

If you are an active member of PORS, you may transfer your **nonconcurrent** SCRS service credit to your PORS account by paying 5 percent of your current earnable compensation for each year transferred. Your SCRS contributions plus interest and nonconcurrent service credit are then transferred to your PORS account. SCRS earned service that is transferred to PORS is considered earned service for the required five years earned service, when applicable. Earnings that are associated with the service that is transferred from SCRS to PORS are not included in the calculation of your average final compensation.

Public Service

You may establish service credit for any period of paid public service for which you do not already have service credit in another defined benefit plan from which you may receive an annuity. Public service constitutes service as an employee of the government of the United States, a state, or political subdivision of the United States. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased.

Educational Service (K-12)

You may establish service credit for any period of paid classroom teaching consisting of grades kindergarten through 12 in a public, private, or sectarian school for which you do not already have service credit in another defined benefit plan from which you may receive an annuity. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased.

Military Service

You may establish up to six years of service credit for any period of military service for which you do not already have service credit. This includes service in the United States Army, Navy, Marine Corps, Air Force, Coast Guard, Select Reserves, and Army or Air National Guard. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each

year purchased. Your discharge from service must be under conditions other than dishonorable. Under guidelines set forth by the Uniformed Services Employment and Reemployment Rights Act (USERRA), you may also arrange in advance with your employer to continue contributing to your account while on active duty military leave or make the contributions after returning from military leave within a period three times longer than your military leave, but not more than five years.

Leave of Absence

Active contributing members on an employer-approved leave of absence who return to covered employment within four years may purchase service credit for the employer-approved leave period for which they do not already have service credit, up to a maximum of two years per leave of absence. The leave of absence must be with an employer covered by the Retirement Systems. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased.

Workers' Compensation

You may establish service credit for a period while on leave of absence and receiving Workers' Compensation benefits. The cost is based on contributions plus interest using your earnable compensation at the time of injury. You may also arrange in advance with your employer to continue contributing to your account while you are receiving Workers' Compensation benefits.

Previously Withdrawn PORS Service

If you left employment and received a refund of your contributions plus interest from the Retirement Systems, you may re-establish this service upon returning to active membership. You must repay the amount you withdrew plus interest to the date your request is received. Previously withdrawn earned service that is re-established in PORS is considered "earned" service towards the five year minimum service criteria for retirement eligibility. Please note that earnings associated with a re-established withdrawal will be considered for possible inclusion in the calculation of a member's average final compensation and any subsequent service purchase calculations.

Non-Qualified Service

Active contributing members who have five or more years of earned service credit may establish up to five years of non-qualified service. The cost is 35 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased.

State Optional Retirement Program (State ORP) Service

Active contributing members may purchase service credit for their years of participation in the State ORP administered by the South Carolina Retirement Systems. The cost is 16 percent of current earnable

Generally, if you are on leave without pay from a participating employer, you are not eligible to purchase service credit of any type.



If you leave your job before retirement and request a refund, there is a minimum 90-day waiting period from your date of termination until a refund can be made.



compensation or career highest fiscal year earnable compensation whichever is greater, for each year of service purchased. You may not purchase service for a period of State ORP participation for which you may receive a retirement annuity from another defined benefit retirement plan. State ORP service that is established in PORS through the service purchase process is considered “earned” service towards the five year minimum service criteria for retirement eligibility.

Leaving before Retirement

If you leave your job and terminate all employment covered by the South Carolina Retirement Systems, you have two options concerning your contributions:

- request a refund of your contributions and interest; or
- leave your funds in the Retirement Systems. Your account will continue to accrue interest at 4 percent compounded annually.

Request a Refund

To receive a refund of your accumulated contributions and interest you must complete a refund request form and return it to the Retirement Systems. You may submit your refund request immediately upon termination, however by law, there is a minimum 90-day waiting period from your date of termination until a refund can be made. If you request a refund, you forfeit your rights to any future service retirement or disability annuity. Employer contributions are not refunded. If you are working for two or more covered employers and/or contributing to more than one retirement account (i.e., working two jobs and paying into an SCRS and a PORS account), you must stop working in all correlated systems to request a refund from any account.

Instead of having the refund paid directly to you, you may choose to roll over the funds into an Individual Retirement Account (IRA), a 401(k) plan, a 401(a) eligible plan, a 403(b) plan, or some 457 plans (the South Carolina Deferred Compensation Program’s 457 plan does not accept rollovers from your Retirement Systems account). The Retirement Systems is required to withhold federal taxes of 20 percent on the taxable portion of any refund that is eligible for rollover but not transferred directly into another qualified retirement plan. Other taxes may apply as well. Under the federal Pension Protection Act of 2006 (PPA), the 10 percent withdrawal penalty is waived for public safety members who separate from service after age 50 and military reservists and national guardsmen who are called to active duty for at least 180 days. Check with an accountant or tax advisor regarding your tax liability.

Leave Funds on Deposit

When you leave your money on deposit, your account continues to accrue interest and you retain your years of service credit, which may be added to any future service you may accrue, should you later be

employed in a position covered by this Retirement System. You may apply for a refund at a later date or apply for a service retirement annuity upon reaching eligibility. No action is required if you wish to retain your membership and leave the funds on deposit, but it is your responsibility to keep the Retirement Systems informed of any changes to your address, name, or beneficiaries.

Service Retirement

A good way to begin the planning process for retirement is to attend a pre-retirement seminar offered by the Retirement Systems. Sessions are held regionally, generally during the fall months. The seminar schedule can be found on-line at www.retirement.sc.gov/events. You can also register to attend a seminar through this web site.

If you are considering retirement, you can schedule an appointment with a retirement consultant to discuss your eligibility by contacting Customer Services.

When to Apply

You must file an application with the Retirement Systems to retire; it is not automatic. We encourage you to file your application as early as six months prior to your desired effective date of retirement but no later than 90 days afterward.

Retirement applications and other forms are available via our Web site at www.retirement.sc.gov or you may contact Customer Services toll free at (800) 868-9002 (within SC only) or at (803) 737-6800.

If you do not receive notification in the mail confirming receipt of your application within 10 days after you submit it, please contact us. Do not terminate employment until the Retirement Systems has audited your service credit and you receive official notice of your retirement eligibility. This official notice will be sent to you in the mail and is entitled "Notification of Retirement Eligibility and Estimated Benefit".

Retirement annuity estimates may be obtained from the Retirement Systems but are projected based on information you provide as well as available system information. Annuity estimates are subject to change upon an audit of your account after your application is received.

You are not required to withdraw your contributions and interest at termination, regardless of your credited service time toward retirement.



Eligibility

If you meet the following requirements, you are considered eligible to retire (see *Correlated Systems* on Page 2 if you have an account in more than one retirement system):²

Service Retirement:

- 25 years of service on the date of retirement, five years of which must be earned; or
- Age 55 or older on the date of retirement with at least five years of earned service.

Your Average Final Compensation

Your average final compensation (AFC) is an important part of the formula used to calculate your retirement benefit. When you retire, your annuity checks will be based on information received up to that point and will be an estimated amount.

After your employer submits your final earnable compensation information, retirement contributions for your 12 highest consecutive quarters of earnable compensation will be audited. Your AFC may be adjusted after the audit if any of the contributions included in the AFC calculation were for any payments not considered a part of your regular salary base. Your AFC also will be adjusted accordingly to include payment for your unused annual leave according to statute.

As a result of the information received from your employer and the audit of the contributions for your 12 highest consecutive quarters of earnable compensation, your retirement benefit will be finalized. The final amount may be less than, or more than, your estimated benefit.

Service Retirement Annuity Formula

The following four-step formula is used to calculate your standard monthly annuity.

Step 1 Total your 12 highest consecutive quarters of earnable compensation and divide by 3.

The dollar amount of payment for up to 45 days of unused annual leave paid by your last employer at retirement may be included before averaging your 12 highest consecutive calendar quarters of earnable compensation. The result of Step 1 is your AFC.

Step 2 Multiply the result of Step 1 by 2.14 percent (.0214) for Class II service. A Class I monthly annuity is computed at \$10.97 for each year of Class I service.

²If your membership began before January 1, 2001, you may also retire if you have 25 years of service credit on the date of retirement, five years of which must be combined creditable service accrued as of December 31, 2000; or if you are age 55 or older on the date of retirement with at least five years of combined creditable service accrued as of December 31, 2000.

Do not terminate employment prior to receiving your "Notice of Retirement Eligibility and Estimated Benefit" Letter



Step 3 Multiply the result of Step 2 by years, months, and days of service.

Convert months to days and divide the total days by 360 to determine a decimal equivalent for partial years. For example, 25 years, 2 months and 10 days equals 25 years, 70 days (60 + 10). $70 \div 360 = .19$. This amounts to 25.19 years of service.

Step 4 Divide the result of Step 3 by 12.

Unused Leave at Retirement

Annual Leave

Only an amount up to and including 45 days pay for unused annual leave from your last termination payment, may be included before averaging your 12 highest consecutive quarters of earnable compensation (see Step 1 of the annuity formula on page 8).

Sick Leave

At retirement, you may receive service credit for up to 90 days of unused sick leave from your last employer at no cost to you (see Step 3 of the annuity formula beginning above). This service credit cannot be used to establish retirement eligibility. Sick leave is reported by your employer after retirement. One month of service credit is granted for each 20 days of sick leave.

Payment Plans at Retirement

There are three monthly annuity payment plans available to you at retirement. Select the one that best suits your needs. Your payment plan may not be changed once benefits are first payable.

Option A (Maximum Retiree Only Monthly Annuity) Payment Plan

This plan will pay you a standard lifetime annuity based on your average final compensation, years of service, and a multiplier (.0214 for Class II or \$10.97 for each year of Class I service). Upon your death, the Retirement Systems will return, through a lump-sum payment to your beneficiary or your estate, the remaining balance of any member contributions and interest, including any working retiree contributions, not exhausted through receipt of annuity benefits during your retirement.

Option B (100% - 100% Joint Retiree-Survivor Monthly Annuity) Payment Plan

You will receive a reduced (from Option A) monthly annuity for life. Upon your death, the same annuity (100 percent of your reduced monthly annuity, including granted cost-of-living adjustments) will continue throughout your beneficiary's lifetime. If your designated beneficiary predeceases you, your annuity will revert to Option A, including any cost-of-living adjustments granted since your retirement date.

Service Annuity Example

$$\text{AFC} = \$25,000$$

Creditable service = 25 years

$$\$25,000 \times 2.14\% (.0214) = \$535$$

$$\$535 \times 25 = \$13,375$$

(annual retirement annuity)

$$\$13,375 \div 12 = \$1,114.58$$

(standard monthly annuity)

Both Option B and Option C are joint retiree-survivor payment plans that, upon your death, pay your beneficiaries a monthly annuity throughout their lifetime.



You may select Option B only if your designated beneficiary is your spouse, or you designate multiple beneficiaries or a non-spousal beneficiary who is within the 10 year age difference limits allowed by an Internal Revenue Code formula. The non-spousal limits do not apply if the non-spousal beneficiary is older than you, or in the case of disability retirement or death benefits.

If, based on the IRC formula, the adjusted age difference for you and a non-spousal beneficiary exceeds the IRC limits, the 100 percent survivor option payment plan would not be available to you. You would be able to select the 50 percent survivor option payment plan, however, with no IRC restrictions.

Option C (100% - 50% Joint Retiree-Survivor Monthly Annuity) Payment Plan

You will receive a reduced (from Option A) monthly annuity for life. Upon your death, one-half of the annuity (50 percent of your reduced monthly annuity, including granted cost-of-living increases) will continue throughout your beneficiary's lifetime. If your designated beneficiary predeceases you, your annuity will revert to Option A, including any cost-of-living increases granted since your retirement date.

If You Choose Option B or Option C

If you choose Option B or Option C and name multiple beneficiaries, upon your death your annuity will be divided equally among them. The annuity will not change for the remaining beneficiaries if one beneficiary dies, either before or after the member dies. If you select Option B or Option C and all of your designated beneficiaries predecease you, your annuity will revert to Option A effective on the date the last beneficiary died. You must notify the Retirement Systems upon the death of a beneficiary.

Approximate Percentage of Average Final Compensation at Retirement

The information below is based on the standard annuity payment plan (Option A). Choosing Options B or C to provide a future annuity for beneficiaries will reduce the amount of your monthly annuity.

Years of Service Credit	Percentage
25	54%
30	64%
35	75%
40	86%

Approximate Amount of Option A Monthly Annuity at Retirement

The information in the table below is based on the standard annuity payment plan (Option A). Choosing Options B or C to provide a future annuity for beneficiaries will reduce the amount of your monthly annuity.

AFC	Years of Service								Additional Monthly Benefit for Each Additional Year
	5	10	15	20	25	26	28	30	
\$20,000	\$ 178	\$ 357	\$ 535	\$ 713	\$ 892	\$ 927	\$ 999	\$1,070	\$ 36
25,000	223	446	669	892	1,115	1,159	1,248	1,338	45
30,000	268	535	803	1,070	1,338	1,391	1,498	1,605	54
35,000	312	624	936	1,248	1,560	1,623	1,748	1,873	62
40,000	357	713	1,070	1,427	1,783	1,855	1,997	2,140	71
45,000	401	803	1,204	1,605	2,006	2,087	2,247	2,408	80
50,000	446	892	1,338	1,783	2,229	2,318	2,497	2,675	89
55,000	490	981	1,471	1,962	2,452	2,550	2,746	2,943	98
60,000	535	1,070	1,605	2,140	2,675	2,782	2,996	3,210	107
65,000	580	1,159	1,739	2,318	2,898	3,014	3,246	3,478	116
70,000	624	1,248	1,873	2,497	3,121	3,246	3,495	3,745	125
75,000	669	1,338	2,006	2,675	3,344	3,478	3,745	4,013	134
80,000	713	1,427	2,140	2,853	3,567	3,709	3,995	4,280	143
85,000	758	1,516	2,274	3,032	3,790	3,941	4,244	4,548	152
90,000	803	1,605	2,408	3,210	4,013	4,173	4,494	4,815	161
95,000	847	1,694	2,541	3,388	4,235	4,405	4,744	5,083	169
100,000	892	1,783	2,675	3,567	4,458	4,637	4,993	5,350	178
110,000	981	1,962	2,943	3,923	4,904	5,100	5,493	5,885	196

Post-Retirement Information

Retirement Checks

Retirement checks are mailed or directly deposited into your bank account on the last business day of each month. We strongly encourage all payees to participate in direct deposit; however, if you do not have a bank account into which benefits may be automatically deposited you may receive a paper check each month. If you do not receive your check within five business days, please contact the Retirement Systems. Endorse all checks as drawn. If someone else must endorse your checks, notify the Retirement Systems immediately. It is also very important to notify the Retirement Systems in writing of any change of your home mailing address.

Taxes

Your monthly annuity is subject to federal and state income taxes. Check with an accountant or tax advisor regarding your tax liability.

Cost-of-Living Adjustments

Each July 1, eligible PORS retirees will receive an automatic COLA of up to 2 percent if the Consumer Price Index as of the previous December 31 is at least 2 percent.

Retiree Group Life Insurance

As a non-working retiree, if you die and your last employer prior to retirement is covered by the group life insurance program (see Page 2), a group life insurance payment based on your service credit will be paid to your beneficiaries as follows:

Years of Service Credit	Benefit
10 to 19 years of service credit	\$2,000
20 to 24 years of service credit	\$4,000
25 or more years of service credit	\$6,000

For your convenience, the Retirement Systems offers direct deposit of monthly annuity checks.



Returning to Covered Employment

If you return to work after retirement, there is no limit on the dollar amount that you may earn as compensation; however, you must be retired for at least 15 consecutive calendar days before returning to work for an employer covered by the Retirement Systems. If you return to covered employment sooner than 15 consecutive calendar days after retirement, your retirement annuity will be suspended while you remain employed by a covered employer.

Certain members (elected officials and those designated exemptions approved by the Department of Education) may retire and return to work without a break in service.

If you work 48 continuous months for a covered employer with an annual salary of at least 75 percent of the AFC used to calculate your retirement annuity, you may elect to rejoin PORS. If you rejoin, you may elect to repay your retirement annuity and purchase service credit for that 48-month period by making a payment equal to the amount you would have contributed plus the interest your contributions would have accrued if you had been an active member for months during the 48-month period you did not make contributions as a retiree.

For months that you made contributions as a retiree during the 48-month period, you would only be required to pay back the retirement benefits received to purchase this time. Your subsequent retirement annuity will be computed as if you are retiring for the first time.

Group Life Insurance

Retired contributing members are eligible for an increased group life insurance benefit of payment equal to their annual salary in lieu of the standard \$2,000, \$4,000 or \$6,000 retired member benefit.

Working Retiree Contribution Rates

Retired members who return to covered employment contribute a tax-deferred 6.5 percent of gross pay into their retirement account; however, as a retiree you will not earn additional service credit or receive interest on your account.

Beneficiaries

Pre-Retirement Designations

Active members may designate three types of beneficiaries:

- Primary beneficiaries for your in-service death annuity or refund of contributions. Multiple beneficiaries share equally in survivor annuities;
- Contingent beneficiaries in case of death of the primary beneficiaries. All primary beneficiaries must be deceased before any contingent beneficiaries are paid; and
- Group life insurance beneficiaries.

You may name your estate as a beneficiary; however, monthly annuity payments cannot be paid to an estate.

Generally, you may change your beneficiaries at any time before retirement.

Post-Retirement Beneficiary or Payment Plan Changes

Retiree Group Life Insurance

You may change your Retiree group life insurance beneficiary at any time regardless of the payment plan you selected.

Option A

You may change your beneficiary for retirement benefits at any time. If you have a change in marital status (death of spouse, marriage, divorce), you may also select a new option within one year of the qualifying event.

Option B and Option C

If all of your beneficiaries predecease you, your annuity will revert to Option A effective on the date the last beneficiary died. You must notify the Retirement Systems upon the death of a beneficiary. You may then select a new beneficiary under Option A. If you have a change in marital status (death of spouse, marriage, divorce), you may also select a new option within one year of the qualifying event.

Payment Plan Changes

After you have begun receiving an annuity, you may not change your payment option unless you experience a qualifying event. Your form

If you return to work after retirement, there is no limit on the dollar amount that you may earn as compensation; however, you must be retired for at least 15 consecutive calendar days before returning to work for an employer covered by the Retirement Systems.



of monthly payment may not be changed more than twice, regardless of the number of events (death of a designated beneficiary or change in marital status) that occur. A reversion to Option A upon the death of your beneficiary will count as one of the two changes. If a second beneficiary predeceases you after you have again selected Option B or Option C, you will revert automatically to Option A; however, no further form of payment changes will be allowed. Changes in form of payment occurring before January 1, 2001, are not included in the limitation provision.

It is important to keep your address and beneficiaries current at all times. Contact Customer Services at (800) 868-9002, (803) 737-6800, or www.retirement.sc.gov for assistance.



In-Service Death

If you are an active contributing member and die in service, your designated beneficiary may be entitled to receive the benefits listed below:

If you are under age 55 and have less than one year of service credit:

- Accidental death survivor annuity if your death was job-related and under circumstances covered by the Accidental Death Program;
- Active member group life insurance payment if your death was job-related; **and**
- Refund of employee contributions plus interest **or** \$1,000 (whichever is greater).

If you are under age 55 and have 1-14 years of service credit:

- Accidental death survivor annuity if your death was job-related under circumstances covered by the Accidental Death Program;
- Active member group life insurance payment; **and**
- Refund of employee contributions plus interest **or** \$1,000 (whichever is greater).

If you have 15 or more years of service credit, five years of which must be earned service:

- Accidental death survivor annuity if your death was job-related under circumstances covered by the Accidental Death Program;
- Active member group life insurance payment; **and**
- Beneficiary's choice of monthly annuity **or** refund of employee contributions plus interest **or** \$1,000 (whichever is greater).

If you are age 55 or older with at least five years of earned service as of your date of death:

- Accidental death survivor annuity if your death was job-related under circumstances covered by the Accidental Death Program;
- Active member group life insurance payment (must have at least one year of service); **and**
- Beneficiary's choice of monthly annuity **or** refund of employee contributions plus interest **or** \$1,000 (whichever is greater).

Death after Retirement

When you die, survivor benefits will be paid according to the retirement annuity payment plan you elected.

Disability Retirement

Who May Apply

You may apply for disability retirement if you become permanently disabled before you leave covered employment and you:

- are under age 55; and
- have five or more years of earned service credit toward retirement (see *Correlated Systems on Page 2*).

The five-year earned service requirement is waived if you can substantiate that your disability is the result of an on-the-job injury.

For retirement purposes, you are considered occupationally disabled if you become physically or mentally incapable of performing the regular duties of your job, your disability is likely to be permanent, and you should be retired. Becoming disabled does not automatically qualify you for disability retirement; you must file an application and go through the review process.

You may arrange with your employer to make your Retirement Systems' contributions through your employer if your disability requires you to be placed in an employer-approved leave status while receiving Workers' Compensation benefits. Doing so will ensure that you continue to earn Retirement Systems' service credit during your Workers' Compensation leave period.

Be sure to apply for disability benefits while you are still in service of a covered employer. Many Workers' Compensation claims are often settled after covered employment has ended. Do not wait to apply for disability benefits until your Workers' Compensation claim is finalized.

If your disability claim is denied, the continuance of paying contributions and earning Retirement Systems' service credit may be important to your long-term retirement plans. Retired members who work for a covered employer are not eligible to apply for disability benefits.

After you have begun receiving an annuity, you may not change your payment option unless you experience a qualifying event.



How to Apply

If you meet the disability filing criteria, go to our Web site or contact Customer Services for a disability retirement packet. When you file your disability retirement claim, please include as much evidence as possible to support your claim.

You should file your application for disability retirement as soon as you become disabled. You must apply prior to leaving covered employment or you will not be eligible to participate in the disability retirement program.

If you do not receive notification in the mail confirming receipt of your application within 10 days after you submit it, please contact us.

If you are eligible for service retirement when you become disabled, you may apply for service retirement while awaiting determination of your disability claim. However, you will receive only one type of payment (either service or disability) if your disability claim is approved.

Processing the Claim

Your medical records will be obtained from your health care providers and evaluated to determine the severity and limiting effects of your physical or mental impairment. The final determination is made by the Retirement Systems. If you are denied, you will have an opportunity to appeal that denial.

Please allow a minimum of three months after all required documentation has been received from you, your employer, and your health care providers for your disability application to be processed.

If you have not received our decision within three months, please contact Customer Services toll free at (800) 868-9002 (within SC only), at (803) 737-6800, or at www.retirement.sc.gov.

Effective Date

If your disability retirement claim is approved, the effective date for annuity benefits will be the 30th day after your application is received by the Retirement Systems or the day after your last day on your employer's payroll, whichever is later.

A disability annuity, once approved, may be discontinued if:

- you regain a certain earning capacity; **or**
- medical evidence indicates that you are no longer disabled; **or**
- the Retirement Systems has scheduled a continuing disability review and does not approve continuing disability retirement payments.

Have questions about your benefits? Contact Customer Services at (800) 868-9002, (803) 737-6800, or www.retirement.sc.gov for answers.



Periodic medical reexaminations may be required up to age 55. If the Retirement Systems determines that your disability benefits should cease because of an improvement in your medical condition, your retirement benefits will stop the month of your scheduled review or the month of the Retirement Systems' decision, whichever is later.

Annuity Payments

A disability applicant may select the same payment plans as a service retiree (see Pages 9 and 10).

Because the Retirement Systems does **not** determine your disability based on the criteria for a disability that is total and permanent, like Social Security, **your disability benefits are considered to be a normal distribution from your retirement account.** For tax information, contact the Internal Revenue Service, the South Carolina Department of Revenue if you live in South Carolina, and/or your personal tax advisor.

Disability benefits paid under PORS are based on approval for an occupational or job-related disability. Per the Internal Revenue Service (IRS) guidelines, all such benefits are reported as normal distributions with a distribution code of 7 on IRS form 1099-R.

If you also receive benefits from the Social Security Administration that are based on total and permanent disability, such benefits are reported to you with a distribution code of 3 on IRS form 1099-R. If you are considered to be totally and permanently disabled, benefits paid by the Retirement Systems may be eligible for additional tax credits. Please have your tax advisor refer to the instructions for completing IRS Schedule R in preparing your income tax return.

Returning to Employment While Receiving a Disability Retirement Annuity

If you are under age 55 and receiving a PORS disability annuity, you should report earnings from any gainful (public or private) employment to the Retirement Systems annually because there is an earnings limitation for all employment which is applied on a calendar-year basis. You may earn the difference between your adjusted AFC at retirement and your disability retirement annuity without affecting your retirement benefits. At age 55 there is no earnings limitation for service or disability retirees.

Your AFC may be adjusted each year for inflation for earnings limitation purposes only. This increase generally matches the percentage increase of the CPI. These adjustments affect the amount you can earn while receiving a disability retirement annuity; however, they do not affect the amount of your benefit. You will receive a letter each January advising you on how much you can earn and requesting confirmation of your prior year earnings. You will have to repay any benefits that you received to which you were not entitled.

It is important that you file your application for disability retirement as soon as you become disabled and before you leave covered employment.



Example

AFC at retirement (adjusted for inflation)	\$ 35,000
Annual disability retirement annuity	- \$ 14,950
Disability retiree can earn difference (for the calendar year)	\$ 20,050

Disability retirees have the same payment plan options as service retirees. See Pages 9 and 10 for more details.



If you earn more than the difference between your adjusted AFC and your disability annuity amount, your monthly annuity will be reduced or possibly canceled. If you return to work with an employer covered by the Retirement Systems and your salary plus your annuity amount is equal to or greater than your adjusted AFC, your disability retirement annuity ceases and you must become an active member of the system.

Your AFC may be adjusted each year for inflation for earnings limitation purposes only. This increase generally matches the percentage increase of the CPI. These adjustments affect the amount you can earn while receiving a disability retirement annuity; however, they do not affect the amount of your benefit. You will receive a letter each January advising you on how much you can earn and requesting confirmation of your prior year earnings. You will have to repay any benefits that you

Need to Locate Us?

Directions from Downtown Columbia

The Retirement Systems' office is located at 202 Arbor Lake Drive, approximately five miles north of Columbia. If you wish to reach our office from downtown Columbia, head north on the Bull Street Extension, which becomes SC-277, and exit right onto Fontaine Road. Then turn right on Fontaine Road, and make another right into the Fontaine Business Center (Arbor Lake Drive). You will see signs directing you to the Retirement Systems' building and visitors' parking area.

Directions from the Interstate

From I-20 (Augusta or Florence)

Take Exit 73-A onto SC-277 toward Columbia and exit at Fontaine Road. Then turn right on Fontaine Road, and make another right into the Fontaine Business Center (Arbor Lake Drive). You will see signs directing you to the Retirement Systems' building and visitors' parking area.

From I-26 East (Spartanburg)

Take I-20 East toward Florence and take Exit 73-A onto SC-277 toward Columbia. Exit at Fontaine Road and turn right. Make another right into the Fontaine Business Center (Arbor Lake Drive). You will see signs directing you to the Retirement Systems' building and visitors' parking area.

From I-26 West (Charleston)

Take Exit 116 (I-77 North) toward Charlotte and exit onto I-20 toward Augusta (Exit 16). Take Exit 73-A onto SC-277 toward Columbia and exit at Fontaine Road. Then turn right onto Fontaine Road, and make another right into the Fontaine Business Center (Arbor Lake Drive). You will see signs directing you to the Retirement Systems' building and visitors' parking area.

From I-77 South (Charlotte)

Take Exit 18 onto SC-277. Exit at Fontaine Road and turn right. Make another right into the Fontaine Business Center (Arbor Lake Drive). You will see signs directing you to the Retirement Systems' building and visitors' parking area.

Need to Contact Us?

Mailing Address

South Carolina Retirement Systems
P.O. Box 11960
Columbia, SC 29211-1960

Location

Fontaine Business Center
202 Arbor Lake Drive
Columbia, South Carolina 29223

Office Hours

8:15 AM - 5:00 PM

Customer Services

(803) 737-6800
(800) 868-9002 (SC only)
www.retirement.sc.gov

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Please let us know how we're doing by responding to the items below, clipping this survey from the handbook, and returning to: South Carolina Retirement Systems, Communications Department, PO Box 11960, Columbia, SC 29211-1960. Thank you!

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☐ Excellent
 ☐ Above Average
 ☐ Average
 ☐ Below Average
 ☐ Poor

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 ☐ Average
 ☐ Below Average
 ☐ Poor

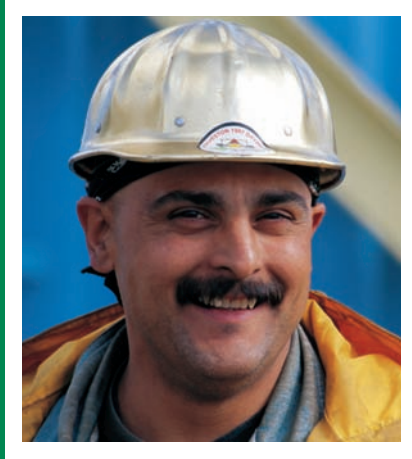
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**PORS Member Handbook
2008 Edition**



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